

Structure and Contents of the document called

TECHNICAL AND ECONOMIC JUSTIFICATIONS OF CONSTRUCTION,

to be submitted to the RoA Energy Regulatory Commission for the acquisition of

License authorizing generation-related construction in the sectors of electricity,

natural gas and thermal power, as well as construction of electric plants

Approved by

Head of the authorized management body, established by the Charter of the company

Signature

First and last name

Date

TECHNICAL AND ECONOMIC JUSTIFICATION OF

CONSTRUCTION OF _____

Name of the facility

1. Introduction

- 1.1 Purpose of the construction and anticipated economic, social and commercial outcomes.
- 1.2 List of the documents, results of studies and information materials used in the process of development of the Technical and Economic Justifications.
- 1.3 The overall characteristics of the facility to be built and summary of technical and economic indicators.
- 1.4 Information on the market of construction services and suppliers of the essential equipment.

2. Market Research

- 2.1. Opportunities for sale of the product and Production Program (Appendix 1).

3. Basic Technological Solutions

- 3.1. Justifications for the selection of production (service) technology and essential technological equipment.
- 3.2. Technological and organizational structure of production (service).

4. Provision of Essential Materials and Raw Materials¹

- 4.1. Annual demand in raw and other materials, fuel, electric and thermal power, pre-processed goods, sources of purchase and estimate of reliability of procurement.

5. Construction Site²

- 5.1. Justification for the location.
- 5.2. Cartographic and other materials, including the map of the geographic location of the prospective facility with indicated connections to the transport communications and engineering networks, general layout of the facility.

6. Principal Construction Solutions

- 6.1. General characteristics of the buildings and structures of the facility.
- 6.2. Time schedule of the construction.
- 6.3. Preliminary solutions for the power supply, water and sewerage connections, etc. of the facility.

7. Environmental Impact Assessment³

- 7.1. Impact of the facility on the environment.
- 7.2. Preliminary environmental solutions.

¹ In instances of Hydro Power Plants construction, an authorization to use the water must be attached to this document.

² Siting authorization from the regional or local government bodies must be attached to this document

³ An authorization from environmental bodies must be attached to this document.

8. Personnel

- 8.1. Number of employees by categories.
- 8.2. Procedures of the recruitment and training of the staff.

9. Efficiency of Investments

- 9.1. Efficiency assessment of the investments will be carried out with consideration of the following:
 - ☐ Cost of construction;
 - ☐ Possible resources for financing and conditions of financing;
 - ☐ Cost of primary product;
 - ☐ Possible amendments in the basic indicators of operation during the estimation period;
 - ☐ Assessment of investment risk;
 - ☐ Time schedule for the design, construction and start periods of the facility with installed capacity.
- 9.2. Information justifying the efficiency of investments:
 - ☐ Information on the structure of investments (Appendix 2);
 - ☐ Information on credits or other types of loans (Appendix 3);
 - ☐ Income statement (Appendix 4);
 - ☐ Cash flow report (Appendix 5).

10. Conclusions

- 10.1 Economic necessity of the construction and its commercial, economic and social expediency.
- 10.2. Technical feasibility of implementation.
- 10.3. Considerations on the design, construction, start and operation of the facility.
- 10.4. Time schedule for design and essential exploration, and implementation of investments.

10.5. Summary of the main technical, economic and financial indicators of the construction.

Name of the company (enterprise)

Production Program

No.	Product (service)	Unit	Production Period						
			Volume of Production (service)						
			First year				Year M	
			% of the installed capacity	Volume				% of the installed capacity	Volume

Signature of the President of the company (enterprise) _____

Seal

Name of the company (enterprise)

Investment Structure
(in thousand drams)

No.	Investment	Pre-production Period			Production Period		
		First year	Year N	First year	Year M
1	Purchase (rent) of the land plot						
2	Technological and auxiliary equipment, vehicles, machinery, work benches						
3	buildings and structures for production						
4	Non-tangible assets (licenses, authorizations, etc.)						
5	Other fixed assets used in production						
	TOTAL fixed assets used in production						

Signature of the President of the company (enterprise)

Seal

Name of the company (enterprise)

Information on Credits or Other Loans

No.	Purpose of the Credit or Other Loans	Source of Credit or other Loans (name of the financial institution)	Volume of the Credit or Other Loans	Payment Period of the Credit or Other Loans	Annual Interest Rate of the Credit or Other Loan (in %)
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Short-Term Credits

	TOTAL				

Long-Term Credits

	TOTAL				

Signature of the President of the company (enterprise) _____

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Name of the company (enterprise)

INCOME STATEMENT
(in thousand drams)

No.	Return/Expenditure	Production Period		
		First year	Year M
1	Return*			
2	Material expenditures	()	()	()
3	Payment of salaries and other payments equal to that	()	()	()
4	Social expenditures (social security, pensions, employment)	()	()	()
5	Managerial and general economic expenditures	()	()	()
6	Interest payments on loans and other credits	()	()	()
7	Depreciation	()	()	()
8	Taxes (except profit tax), charges and other mandatory payments	()	()	()
9	Other expenditures	()	()	()
10	Profit Tax			
11	Net Profit			

Signature of the President of the company (enterprise) _____

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* Before VAT.

Name of the company (enterprise)

REPORT ON CASH FLOW

No.		Pre-production Period			Production Period		
		First year	...	Year N	First year	...	Year M
1	2	3	4	5	6	7	8
1	Balance at the beginning of the year						
	CASH INFLOW FROM TRANSACTION ACTIVITIES						
2	From the sale of products, works and services						
3	From the sale of commodities						
4	From the sale of other current assets						
5	From received advance payments/deposits						
6	From other transaction activities						
7	TOTAL (2+3+4+5+6)						
	CASH OUTFLOW FROM TRANSACTION ACTIVITIES						
8	For purchased inventory to future use in production						
9	For purchased commodities						
10	For completed works and delivered services						
11	Performed advance payments						
12	For salaries and other payments equal to that						
13	For social security and safety purposes						
14	Imprest (petty cash) payments						
15	Payments to the budget						
16	For other transaction activities						
17	TOTAL (8+9+10+11+12+13+14+15+16)						
18	Net cash flow from transaction activities (7-17)						
	CASH INFLOW FROM INVESTMENT ACTIVITIES						
19	From the sale of fixed assets						
20	From the sale of equipment subject to installation and incomplete construction objects						
21	From the sale of stocks and shares						
22	From dividends						

1	2	3	4	5	6	7	8
23	From long-term loans, deposits and sale (payment) of other investments						
24	Advance payments received from the sale of non-current assets						
25	Other investment activities						
26	TOTAL (19+20+21+22+23+24+25)						
	CASH OUTFLOW FROM INVESTMENT ACTIVITIES						
27	For the purchase of fixed assets						
28	For the purchase of stocks and shares						
29	For the purchase of equipment subject to installation and incomplete construction objects						
30	For proposed long-term loans, deposits and other long-term investments						
31	Advance payments performed for the purchase of non-current assets						
32	For other investment activities						
33	TOTAL (27+28+29+30+31+32)						
34	Net cash inflow from investment activities (26-33)						
	CASH INFLOW FROM FINANCIAL OPERATIONS						
35	From the issuance (sale) of own stocks and shares						
36	From received credits and other loans						
37	From other financial operations						
38	TOTAL (35+36+37)						
	CASH INFLOW FROM FINANCIAL OPERATIONS						
39	For the repurchase of own stocks and shares						
40	For the payment of dividends						
41	For interest payments from the received credits and other loans, including:						
42	For interest payments on long-term credits and loans						
43	For interest payments on short-term credits and loans						
44	For other financial operations						
45	TOTAL (39+40+41+44)						
46	Net cash inflow from financial operations (38-45)						
47	TOTAL net cash flow (18+34+46)						
48	Cash inflow in extraordinary (unforeseen) instances						
49	Cash outflow in extraordinary (unforeseen) instances						

1	2	3	4	5	6	7	8
50	TOTAL net cash flow in extraordinary (unforeseen) instances (48-49)						
51	Positive difference in the exchange rate of foreign currency						
52	Negative difference in the exchange rate of foreign currency						
53	Product of difference in the exchange rate of foreign currency						
54	The amount was transferred to the account from the bank (accounts receivable)**						
55	The amount was transferred to the bank from the enterprise's accounts (account payable)**						
56	Balance as of the last day of the accounting period (1+47+50+53+54+55)						

Signature of the President of the company (enterprise) _____

Seal

** The amounts specified in these lines are not cash flows.